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## Uzbekistan, Republic of

### Cotton and Products

### Cotton Production Update

### 2005

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**Report Highlights:**

Uzbekistan's MY 2005/06 cotton harvest is coming to an end. As of October 24, 2005, Uzbek farmers harvested 3.75 MMT of seed cotton. Based on increased seed cotton production increase, lint production and exports are forecast at 1.21 MMT and 850,000 MT accordingly.

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Includes PSD Changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
Ankara [TU1]  
[UZ]

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## PRODUCTION

Uzbekistan's MY 05/06 cotton harvest is coming to an end. As of October 24, 2005 Uzbek farmers harvested 3.752 MMT of seed cotton in total, which is 4.24 percent more than the state production target, and over 10.62 percent more than it was at the same time last year. This year's favorable weather conditions during the vegetation period and harvesting in September-October, as well as an availability of appropriate irrigation water supplies considerably benefited the crop condition and allowed the farmers to over-fulfill the state target. Still, given farmers' low incomes, Post believes that sometimes GOU's official seed cotton production figures can be overestimated for 50,000-70,000 tons. Based on increased seed cotton production Post forecasts an increase in Uzbekistan's MY 05/06 lint production to 1.21 MMT.

## Production Policy

At the 1<sup>st</sup> International Uzbek Cotton Fair recently held in Tashkent, the Minister of Foreign Economic Relations, Investments and Trade declared the GOU's plans to increase the state seed cotton production target to 3.7 MMT in the next few years. At the same time GOU plans to produce cotton lint at the level of 1.2-1.5 MMT.

## CONSUMPTION

Uzbekistan currently utilizes between 25-30 percent domestic cotton production depending on the crop results. By 2008 GOU plans to process 50 percent of lint for the domestic textile industry. In order to achieve this goal GOU intends to carry out 100 investment projects, mostly in the textile industry amounting to USD1.2 Billion. However, the availability of markets for Uzbek textiles is questionable and may make this target unattainable.

**Table 1. Seed cotton: Production vs harvest as of 10/24/2005**

Regions	Target	Actual harvest	
		In tons	In percentage
Karakalpak Republic	185000	212150	114.68
Andijan Region	310000	317483	102.41
Bukhara Region	360000	394698	109.64
Djizzakh Region	234000	265103	113.29
Kashkadarya Region	426000	462197	108.50
Navoi Region	110000	115711	105.19
Namangan Region	261000	272867	104.55
Samarkand Region	248000	258859	104.38
Surkhandarya Reg	345000	319859	92.71
Syrdarya Region	248000	248906	100.37
Tashkent Region	275000	275431	100.16
Fergana Region	323000	323100	100.03
Khorezm Region	275000	286111	104.04
<b>Total in Uzbekistan</b>	<b>3600000</b>	<b>3752475</b>	<b>104.24</b>
<b>2004 for the same period</b>	<b>3600000</b>	<b>3370313</b>	<b>93.62</b>

Table 2: Production Supply and Distribution

Uzbekistan, Republic of Cotton							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate (New)	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		08.2003		08.2004		08.2005	MM/YYYY
Area Planted	1359000	1359000	1391000	1391000	1391000	1391000	(HECTARES)
Area Harvested	1431000	1359000	1456000	1390000	1450000	1391000	(HECTARES)
Beginning Stocks	221644	166770	200962	134110	282609	153110	(MT)
Production	892680	892680	1132178	1114000	1088633	1210000	(MT)
Imports	1089	0	0	0	0	0	(MT)
MY Imp. from U.S.	0	0	0	0	0	0	(MT)
TOTAL SUPPLY	1115413	1059450	1333140	1248110	1371242	1363110	(MT)
Exports	674952	642290	860020	810000	914452	850000	(MT)
USE Domestic Consumption	239499	283050	190511	285000	195954	290000	(MT)
Loss Domestic Consumption	0	0	0	0	0	0	(MT)
TOTAL Domestic Consumption	239499	283050	190511	285000	195954	290000	(MT)
Ending Stocks	200962	134110	282609	153110	260836	223110	(MT)
TOTAL DISTRIBUTION	1115413	1059450	1333140	1248110	1371242	1363110	(MT)

### Domestic Seed Cotton and Lint Prices

In the beginning of September just prior to harvest, the Ministry of Finance established the procurement prices for seed cotton as well as lint. The current average procurement price for seed cotton (based on grade 2 class 5) equals Sums 255,000 per ton, and the average wholesale price for lint procured for state needs is Sums 1.147 million.

(The official exchange rate – Sums 1150 = USD 1.00)

Table 3. Procurement prices for seed cotton in MY 05/06

Industrial Grades and Class Of seed cotton		Types/codes of cotton lint								
		Long Staple grades					Medium Staple grades			
		1a	1b	1	2	3	4	5	6	
		43	42	41	40	39-38	37-36	35	34	33
I	1 class	372920	363480	354040	344600	327780	299080	295040	291200	287660
	2 class	363250	354060	344860	335670	319290	291320	287380	283650	280200
	3 class	290730	283370	276010	268650	255540	233160	230010	227020	224260
II	1 class	322320	314160	306000	297840	283300	258490	255000	251680	248620
	2 class	312650	304740	296820	288900	274810	250740	247350	244130	241170
	3 class	287510	280230	272950	265670	252710	230580	227460	224500	221770
III	1 class	298470	290910	283360	275800	262340	239360	236130	233060	230230
	2 class	265590	258870	252140	245420	233440	219000	210120	207390	204870
	3 class	187910	183160	178400	173640	165170	150700	148660	146730	144950
IV	1 class	222400	216770	211140	205510	195480	178360	175950	173660	171550
	2 class	172440	168080	163710	159340	151570	138290	136420	134650	133010
	3 class	131830	128490	125150	121820	115870	105720	104300	102940	101690
V	3 class	92510	90160	87820	85480	81310	74190	73180	72230	71360

In Uzbek Sums per ton

## TRADE

There are no major changes in the pattern of lint exports. During the International Uzbek Cotton Fair held in October, Uzbekistan's cotton trading companies concluded contracts for exporting 400,000 tons of lint from the current crop, as well as framework contracts for selling 1.1 MMT of lint from 2006-2007 crops. During the Fair, Uzbek exporters gave preference mainly to the buyers from Asian countries and Russia. The main buyers in the Fair were reportedly China, South Korea, India, Bangladesh, Turkey, Singapore and Russia. MY 05/06 cotton exports are forecast at 850,000 MT.

At the same time, according to GOU officials, Uzbekistan is trying to widen the transportation route for cotton exports. In addition to existing routes, GOU is working on developing new transportation routes, the so-called trans-afghan and trans-Chinese corridors. The trans-afghan corridor is planned to connect Uzbekistan with Iran and Turkey, and the second route is supposed to connect Uzbekistan through Kyrgyzistan with Chinese ports.

Chart 1. Transportation routes for Uzbek cotton exports

